

Message Text

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TO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY TOKYO

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY THE HAGUE

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TAGS: TECH, ENRG, TGEN

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SUBJECT: ECG AD HOC WORKING GROUP ON ENRICHED URANIUM:

MEETINGS OF SUB-GROUPS ON NATURAL URANIUM
AND ENRICHED URANIUM SERVICES

1. BEGIN SUMMARY. ON MAY 17 AND 18 THE SUB-GROUPS ON NATURAL URANIUM AND ENRICHMENT SERVICES OF THE AD HOC WORKING GROUP ON ENRICHED URANIUM SUPPLY MET IN BRUSSELS. OECD SECRETARIAT WAS REPRESENTED. THE TWO GROUPS WERE ABLE TO AGREE ON REPORTS IN THEIR RESPECTIVE AREAS FOR CONSIDERATION BY AD HOC WORKING GROUP AT ITS NEXT AND PRESUMABLY FINAL MEETING. REPORTS WERE BASED U.S. WORKING PAPERS PREPARED PRIOR TO THE MEETINGS. U.S. DEL ALSO TABLED FOR CONSIDERATION A REVISED PAPER ON GUIDING PRINCIPLES AND PAPER ON VARIOUS ALTERNATIVE FOLLOW-ON MECHANISMS. SUB-GROUP PARTICIPANTS AGREED THAT QUESTIONS OF GUIDING PRINCIPLES AND DESIRABLE FOLLOW-ON MECHANISMS MORE APPROPRIATELY SHOULD BE TAKEN UP BY THE AD HOC WORKING GROUP AND THE ECG. US DEL, HOWEVER, AGREED TO PREPARE A REVISED PAPER ON FOLLOW-ON MECHANISMS FOR CIRCULATION TO THE OTHER DELEGATIONS IN TIME FOR CONSIDERATION NEXT AD HOC WORKING GROUP MEETING. SCHEDULE AND TIME OF NEXT WORKING GROUP MEETING HAS NOT BEEN

FIXED BUT WE WILL FORWARD OUR RECOMMENDATIONS SEPARATELY.
END SUMMARY.

2. SUB-GROUP ON NATURAL URANIUM SUPPLY. DISCUSSION ON NATURAL URANIUM SUPPLY FOCUSED PRINCIPALLY ON FURTHER STEPS THAT COULD BE TAKEN TO DEVELOP BETTER SUPPLY AND DEMAND DATA, PREPARE BETTER NATIONAL RESOURCE ESTIMATES, BETTER COOPERATION ON R&D AND BETTER EXCHANGE VIEWS IN POLICY AREAS. PARTICIPANTS APPEARED TO BE IN ACCORD THAT MORE INTENSIVE EFFORTS AT COOPERATION IN THESE AREAS WOULD BE DESIRABLE. THE ONLY AREAS OF CONTENTION RELATED TO THE HESITANCY OF SOME OF THE PARTICIPANTS TO ENDORSE THE ACCUMULATION OF DATA (SUCH AS PRODUCTION COSTS AND SALES INFORMATION) THAT HAVE A COMMERCIAL SIGNIFICANCE AND A CANADIAN EFFORT TO HAVE THE REPORT SINGLE OUT U.S. MARKETING POLICIES AS A PRINCIPAL FACTOR THAT HAS SERVED TO DEPRESS THE INCENTIVES OF FOREIGN PRODUCERS TO DEVELOP NEW RESERVES. CANADIANS EVIDENTLY UNCLASSIFIED

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WERE STIMULATED IN THIS REGARD BY REFERENCES IN THE U.S. WORKING PAPER TO THE FACT THAT RESTRICTIONS IN SOME PRODUCER NATIONS MAY IMPAIR THE TIMELY EXPLOITATION OF NATURAL URANIUM. THE DRAFTING GROUP WAS ABLE TO READILY RESOLVE THESE ISSUES BY MAKING IT CLEAR THAT STATES WOULD NOT BE EXPECTED PROVIDE DATA PREJUDICIAL TO COMMERCIAL INTERESTS AND BY INCLUDING A BALANCED STATEMENT STRESSING THAT MOVES TOWARD EXPLOITATION OF

NATURAL URANIUM ARE HEAVILY INFLUENCED BY THE POLICIES OF BOTH THE PRODUCER AND CONSUMER NATIONS ALIKE. COMMISSIONER MATSUI OF JAPAN WAS HIGHLY EFFECTIVE AS CHAIRMAN.

3. SUB-GROUP ON ENRICHMENT SERVICES. DISCUSSIONS OF THIS SUB-GROUP ALSO WENT SMOOTHLY WITH PARTICIPANTS AGREEING TO SOME MODIFICATIONS TO ORIGINAL U.S. DRAFT TO RECOGNIZE THAT COMPILATION OF DEMAND, SUPPLY AND PLANNING DATA MIGHT NECESSARILY BE LIMITED, IN SOME INSTANCES, BY THE NATIONAL SECURITY AND COMMERCIAL POLICIES OF THE PARTICIPANTS. THERE WAS A VERY BRIEF AND BLAND EXCHANGE ON POSSIBLE TECHNOLOGY TRANSFERS DURING WHICH U.S. DEL (CONNOR) BRIEFLY EXPLAINED THE RATIONALE THAT HAD LED THE U.S. TO CONCLUDE THAT THE INTERESTED U.S. COMPANIES SHOULD TAKE THE LEAD IN THE FIRST INSTANCE IN EXPLORING COOPERATIVE ARRANGEMENTS WITH THE RESULTS BROUGHT BACK FOR GOVERNMENTAL REVIEW AND APPROVAL. U.S. DEL WAS NOT REPEAT NOT PRESSED TO ANSWER HYPOTHETICAL QUESTIONS CONCERNING THE KINDS OF ARRANGEMENTS THAT MIGHT BE ACCEPTABLE TO THE USG. UK DEL (THOMPSON) OBSERVED THAT SINCE GOVERNMENTAL APPROVALS WERE

ESSENTIAL FOR ANY AGREEMENTS IN THIS AREA, THE INTERESTED GOVERNMENTS NECESSARILY WOULD HAVE A CONTINUING IMPORTANT ROLE IN MONITORING ANY PROPOSALS FOR COOPERATION AND IN DETERMINING WHAT KINDS OF ARRANGEMENTS WERE ACCEPTABLE. HE ALSO SUGGESTED THAT TECHNIQUES MIGHT HAVE TO BE DEVISED TO PERMIT ENOUGH INFORMATION TO BE EXCHANGED IN THE EXPLORATORY STAGE TO PERMIT THE PROSPECTIVE COLLABORATORS TO GAUGE WHETHER THEY HAD A PERCEIVED MUTUAL INTEREST. THOMPSON LATER SUGGESTED THAT THE EXPERIENCE OF THE URENCO GROUP MIGHT BE OF UNCLASSIFIED

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SOME VALUE IN THIS REGARD.

4. GUIDING PRINCIPLES. THERE WAS AN EVIDENT HESITANCY ON THE PART OF THE SUB-GROUPS TO DEAL WITH THIS SUBJECT WHICH HAS BEEN DEFERRED FOR CONSIDERATION BY AD HOC WORKING GROUP. BELGIAN REP SUGGESTED THAT THE PRINCIPLES SHOULD BE LIMITED TO THOSE DESIGNED TO REFLECT SUB-GROUP REPORTS. WHEN IT MEETS, WORKING GROUP WILL BE REQUESTED CONSIDER ORIGINAL PRINCIPLES AS TABLED IN ECG/7, THE COMMENTS RECEIVED THEREON, AND THE U.S. PAPER POSTULATING SOME REVISIONS TO TAKE THE SUGGESTIONS OFFERED INTO ACCOUNT.

5. FOLLOW-ON MECHANISM. THE U.S. DEL TABLED A BRIEF OPTIONS PAPER, LARGELY GEARED TO THE SUBJECT OF NATURAL

URANIUM. SEVERAL DELS EXPRESSED THE VIEW THAT THE OECD, AND SPECIFICALLY NUCLEAR ENERGY AGENCY, SHOULD BE THE CHOSEN INSTRUMENT FOR TAKING ON MUCH OF THE ON-GOING ECG WORK IN THE FIELD OF DATA COMPILATION, BUT BEARING IN MIND THAT THE NEA AND IAEA LONG HAVE BEEN JOINTLY COLLABORATING IN COMPILING ESTIMATES CONCERNING DEMAND AND SUPPLY FOR NATURAL URANIUM. WHILE COMMENDING POTENTIAL FUTURE ROLE FOR OECD IN THIS AREA, THE USDEL URGED THE OTHER PARTICIPANTS TO AVOID ANY FIXED PRECONCEPTIONS RE FOLLOW-UP MECHANISMS AND SUGGESTED THAT SUCCESSFUL IMPLEMENTATION OF THE RECOMMENDATIONS MIGHT REQUIRE THE USE OF A VARIETY OF TECHNIQUES AND INSTITUTIONS. FOR EXAMPLE, IT WAS SUGGESTED THAT THE OECD MIGHT PLAY A USEFUL ROLE WITH THE IAEA IN THE AREA OF DATA COMPILATION BUT THAT THE IAEA COULD BE EXPECTED TO PLAY AN IMPORTANT CONTINUING ROLE IN TECHNICAL ASSISTANCE. ALSO SOME COLLABORATIVE R&D EFFORTS MIGHT NECESSARILY HAVE TO BE PURSUED AT THE COMMERCIAL LEVEL OR WITH A LIMITED NUMBER OF STATES WITHOUT NECESSARILY INVOLVING EXISTING MULTILATERAL INSTITUTIONS.

6. DEPARTMENT WILL POUCH TO ADDRESSEES COPIES OF THE RELEVANT DOCUMENTS. RUSH

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